

Message Text

LIMITED OFFICIAL USE

PAGE 01 LAGOS 11530 171544Z

44

ACTION AF-04

INFO OCT-01 SS-14 ISO-00 EB-03 L-01 INR-05 SP-02 NSC-05

NSCE-00 RSC-01 /036 W

----- 087853

P 171457Z DEC 74

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC PRIORITY 7248

LIMITED OFFICIAL USE LAGOS 11530

LIMDIS

E.O. 11652: N/A

TAGS: EINV, NI

SUBJECT: AMERICAN INTERNATIONAL INSURANCE COMPANY NEGOTIATIONS

REF: STATE 275557 AND PREVIOUS

1. IN LONG CONVERSATION WITH CHARGE DEC. 17, IN WHICH SUBSTANCE
OF REFTEL DISCUSSED, STATON MADE FOLLOWING POINTS:

A. FMG, IN HIS VIEW, REJECTS AIIC HIGH VALUATION FOR THE
VERY REASON THAT IT IS HIGH. FMG HAD ITS OWN INDEPENDENT ACTUARY
(WATSON'S OF LONDON) EVALUATE AIIC (AND PRESUMABLY THE OTHER SIX
COMPANIES IN WHICH IT HAS ACQUIRED PART OWNERSHIP). WATSON'S REP,
WHO WAS IN LAGOS AT TIME OF MEETING, DID NOT SIT IN ON NEGOTIA-
TIONS WITH COMPANIES. NOR WILL FMG NEGOTIATORS RESPOND TO AIIC'S
QUESTIONS ABOUT THE VALUE SET ON AIIC BY WATSON'S. THIS LEAVES
LITTLE DOUBT IN AIIC'S MIND (AND OURS) THAT WATSON'S SET A HIGH
VALUE AND THAT THE FMG SIMPLY REJECTED THIS OUT OF HAND.

B. OTHER THAN SAYING IT TOO HIGH, FMG HAS NEVER STATED
PRECISELY WHY COMPANY VALUATION NOT ACCEPTABLE. PARTIAL EXPLANATION
MAY BE SEEN IN REPEATED FMG HAMMERING ON THE COMPANY'S FAILURE
TO MEET ITS "SOCIAL RESPONSIBILITY," I.E., OBLIGATION TO RETURN
A MUCH HIGHER PORTION OF PROFITS TO POLICY HOLDERS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LAGOS 11530 171544Z

C. STATON BELIEVES IT 99.9 PERCENT CERTAIN NAIRA 2 PER SHARE

IS FINAL FMG OFFER AND THAT IF AIIC REFUSES TO ACCEPT IT, ITS BUSINESS WILL BE TERMINATED. ADESOYE TOLD HIM THAT IF AIIC WERE TERMINATED IT WOULD NOT BE NATIONALIZED AND RUN BY FMG; AIIC BUSINESS WOULD SIMPLY BE TRANSFERRED TO OTHER COMPANIES.

D. STATON OF OPINION PARA 1.C. SCENARIO INEVITABLE HE INSTRUCTED TO STONEWALL IN FRIDAY MEETING. HE, THEREFORE, BELIEVES COX, AS REPRESENTATIVE OF SHAREHOLDERS, SHOULD ATTEND FRIDAY. ALSO, IF COX COMES WILLING TO ACCEPT CONSIDERABLY LESS THAN NAIRA 416 PER SHARE, STATON BELIEVES THERE IS THAT 1 IN 1,000 CHANCE THAT FMG CAN BE BUDGED FROM NAIRA 2 FIGURE.

E. IN ABSENCE OF BOTH ADESOYE AND HIS DEPUTY, STATON UNCERTAIN WITH WHOM HE WILL NEGOTIATE ON FRIDAY. WE SUGGESTED HE CONTACT MINISTRY OF TRADE PERMANENT SECRETARY ADEYEYE PRIOR TO MEETING TO PURSUE FURTHER THE QUESTION OF FMG'S APPRECIATION OF SPECIAL BASIS FOR AIIC EVALUATION AND WHY THIS WAS REJECTED. HE SEES UTILITY IN THIS AND WILL ATTEMPT DO SO IF COX, WHO HAS HIM ON TIGHT LEASH, AGREES.

2. COMMENT: EMBASSY BELIEVES COX SHOULD RETURN TO LAGOS FOR ONE LAST ATTEMPT TO GET MORE FROM FMG EVEN THOUGH CHANCES SLIM. IF FMG REMAINS FIRM, COMPANY MUST THEN DECIDE IF 51 PERCENT OF WHAT SHOULD CONTINUE TO BE A PROFITABLE OPERATION IS WORTH ENOUGH TO OFFSET BAD PRECEDENT OF ACCEPTANCE OF LOW OFFER. FROM THIS END WE CAN SEE LITTLE TO BE GAINED BY ANYONE IN TERMINATING AIIC.
CROSBY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 DEC 1974
Decaption Date: 28 MAY 2004
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LAGOS11530
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740366-1018
From: LAGOS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19741230/aaaaayze.tel
Line Count: 89
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: LIMDIS
Reference: 74 STATE 275557
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 26 JUN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 JUN 2002 by boyleja>; APPROVED <25 MAR 2003 by ElyME>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: AMERICAN INTERNATIONAL INSURANCE COMPANY NEGOTIATIONS
TAGS: EINV, NI, AMERICAN INTERNATIONAL INSURANCE CO
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005